

Message Text

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ACTION EB-11

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GAC-01 ACDA-19 CIAE-00 DODE-00 PM-09 INR-10 L-03

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3371

INFO AMEMBASSY LUSAKA

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USMISSION OECD PARIS

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E. O. 11652: N. A.

TAGS: ETRD, OECD, JA

SUBJ: EXPORT FINANCING GROUND SATELLITE STATIONS

REF: A. OECD PARIS 5196; B. COMMERCE STUDY ON GOJ
CONCESSIONARY FINANCING OF GROUND SATELLITE STATIONS, 1/22/73

SUMMARY: JAPANESE FIRMS ARE INTERESTED IN SALE OF TWO EARTH
SATELLITE STATIONS TO ZAMBIA AND SOUTH VIETNAM AND POSSIBILITY
THAT GOJ MAY EXTEND CONCESSIONARY FINANCING CANNOT BE EX-
CLUDED. IN LIGHT OF DISCUSSION CONCERNING 1968 MEMORANDUM OF
UNDERSTANDING ON FINANCING OF EARTH SATELLITE STATIONS,
DOES DEPARTMENT WISH EMBASSY TO APPROACH FONOFF WITH QUERY
ABOUT POSSIBLE GOJ FINANCING FOR THESE STATIONS. END SUMMARY.

1. SINCE OECD EXPORT CREDITS GROUP MEETING OF LATE
FEBRUARY (REF A), THERE HAS COME TO ATTENTION OF EMBASSY
POSSIBILITY THAT CONTRACTS FOR TWO GROUND SATELLITE STATIONS
IN ZAMBIA AND SOUTH VIETNAM MAY HAVE BEEN OR MAY BE AWARDED
TO JAPANESE FIRMS. AS REF B REPORTS, GOJ HAS EXTENDED CONCES-
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SIONARY FINANCING IN SUPPORT OF SALE OF GROUND SATELLITE STATIONS IN PAST. AT ECG MEETING JAPANESE REP SAID POSSIBILITY EXISTED THAT MITI HAD DEVIATED FROM 1968 MEMORANDUM OF UNDERSTANDING ON FINANCING STATIONS WHICH REQUIRES PARTIES PROVIDE NOTICE TO OTHERS WHEN CONCESSIONARY TERMS EXTENDED. AS INDICATED BELOW IN DETAILED COMMENT ON STATUS OF THE TWO STATIONS IN ZAMBIA AND SOUTH VITENAM, POSSIBILITY EXISTS THAT CONCESSIONARY FINANCING MAY BE INVOLVED IN THE SALE OF THESE STATIONS.

2. ZAMBIA. AP REPORT FROM LUSAKA REPORTS THAT WORK ON ZAMBIA'S \$4.4 MILLION EARTH SATELLITE STATION TO BEGIN IN APRIL. REPORT ALSO REFERS TO RECENT CONCLUSION OF GOJ- GOJ GOVERNMENT- TO- GOVERNMENT CREDIT OF \$30 MILLION FOR RAILWAY EQUIPMENT AND TELECOMMUNICATIONS EQUIPMENT. (TERMS OF THIS JAPANESE EXIM BANK CREDIT ARE 4.75 PERCENT INTEREST RATE WITH TWENTY YEAR REPAYMENT PERIOD INCLUDING SEVEN YEAR GRACE PERIOD. SEE TOKYO 11789, 11/2/72). AP REPORT DOES NOT RPT NOT LINK STATION TO CREDIT. EMBASSY CHECKED WITH FONOFF (AFRICA DIVISION) AND JAPANESE COMPANY (NIPPON ELECTRIC COMPANY, NEC) CONCERNED ABOUT POSSIBILITY THAT CREDIT MIGHT BE USED TO FINANCE ZAMBIAN PURCHASE OF STATION. FONOFF SOURCE STATED THAT HE UNDERSTOOD CREDIT WAS TO BE USED FOR RADIO/ TV SYSTEM. NEC STATED THAT NEGOTIATIONS ON FINANCING OF STATION WERE NOT COMPLETE.

3. VIETNAM. EMBASSY HAS PREVIOUSLY REPORTED JAPANESE INTEREST IN SUPPLY OF EARTH SATELLITE STATION (TOKYO 2361). EMBASSY HAS RECENTLY RECEIVED COMPILATION OF PRESENT AND POSSIBLE GOJ- FINANCED AID PROJECTS FROM USAID SAIGON (SAIGON TOAID A-714), 4/5/73) IN WHICH IT IS STATED THAT THE PROPOSED STATION WOULD PROBABLY BE FINANCED BY GOJ CREDIT FROM OVERSEAS ECONOMIC COOPERATION FUND. TERMS WOULD BE : THREE PERCENT INTEREST RATE WITH TWENTY- FIVE YEAR REPAYMENT PERIOD INCLUDING SEVEN YEAR GRACE PERIOD.

4. ACTION RECOMMENDED. IN LIGHT OF PRESENT DISCUSSIONS CONCERNING MOU, DOES DEPARTMENT WISH EMBASSY TO APPROACH FONOFF WITH QUERY ABOUT STATUS OF FINANCING FOR THESE TWO STATIONS.

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